President—We shall now proceed to the next item in the programme, that is, the general discussion of the budget. In order that all the members of the Council may have an opportunity to present their views on the budget, let me remind them of Rule 48, clause 3, which says that "No member other than the Finance Member shall speak for more than 20 minutes". Well, members will regulate their speeches according to the time limit thus prescribed.

Mr. C. ACHYUTA MENON (*Mulakunnattukavu*).

Mr. President—Sir,

I do not propose to detain the Council with any lengthy or detailed criticism of the budget, but shall confine myself to a few general observations on the subject. I am glad to be able to bear my humble testimony to the care with which the budget has been prepared, which reflects credit on those who are responsible for its preparation. I could not at first help wishing that the explanation of the variations had been fuller, but this defect was amply rectified by the exhaustive explanatory statement made by the Finance Member. It is however to be regretted that the budget is a deficit one. This could well have been avoided, and a surplus budget presented, as I shall show presently.

A study of the budget before us and some of its immediate predecessors make it abundantly clear that almost all the items of our revenue have reached the limit of expansion, and have ceased to be elastic. The Land revenue has long been stationary, except for occasional windfalls like the one anticipated in the present budget, and it will remain so till the next Settlement, which will not be in the near future, and which, personally, I hope, will never take place. The Forest revenue began to fluctuate and dwindle some years back as the result of many years of unsystematic working, followed by a decade of over-working. The net receipts from Forests, including the Tramway, during the last four years, averaged only 45 thousand rupees, and last year, they amounted only to 13 thousand. The receipts do not even cover the interest on the capital outlay on the Tramway, which amounts to nearly 30 lakhs of rupees. Thus, notwithstanding

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the doubtful provision of a substantial net income in the budget, the receipts from this source must be treated as a negligible factor in our financial calculations for some years to come. The Abkari revenue has been steadily expanding for years: it has nearly doubled itself during the last decade. It has, however, become fashionable to decry this revenue even more than the evils of drink, and it is likely to shrink in the near future as the result of the agitation that is graudally gaining in volume throughout India. Another graudually expanding source of revenue is the Customs. How this source will shape itself when the Harbour works are completed and the Interportal Trade Convention superseded cannot be anticipated with any degree of certainty. The Salt revenue also has become stationary like the Land revenue, and is likely to remain so, unless the Government of India raise the selling price of salt, which is not likely in the face of the strong opposition manifested everywhere to its raising.

It is clear from these circumstances that the income of the State will very shortly prove insufficient adequately to meet the requirements of a progressive administration. The construction, equipment and administration of an up-to-date First Grade College in a suitable locality to form the nucleus of a future University or, at least, of one of the constituents of a Federal University, the education of the depressed classes, the introduction of vocational training in secondary schools, the improvement of water supply in places like Mattancherry, Trichur and Nemmara, the extension of sanitation and medical relief in rural areas and the provision of facilities for increasing the production of foodstuffs are among the needs of the immediate future, which an enlightened and progressive administration like that of Cochin cannot afford to ignore or neglect. All this requires much more money than the resources of the State as disclosed by the budget can supply. This progressive increase in the expenditure, which is practically unavoidable, can be met only by retrenchment in expenditure or by fresh taxation or by both.

Without presuming to be dogmatic on the subject, I am inclined to think that there is scope for retrenchment in several directions, of which I will mention only

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the most important. The establishment charges have, in recent years been going up by leaps and bounds as the result of a series of reorganisations, every successive Diwan appearing to think it a solemn duty to reorganise all departments at least once during his time. During the ten years ending 1099, the establishment charges have risen from 12·15 lakhs of rupees to 18·90 lakhs, an increase of 6·75 lakhs, or 55 per cent, of which the administration of Mr. Vijayaraghava Chari was responsible for 4-1/2 lakhs and that of Mr. Narayana Menon one lakh. The creation of new appointments, more or less necessary, and the abnormal increase in the cost of living, no doubt, account for much of this increase, but I cannot help thinking that at least some of it is due to the unsystematic manner in which the reorganisations were carried out. These reorganisations were based on the recommendations of the several heads of departments, who naturally tried to get all that they could for their respective departments, and were thus carried out piecemeal in most cases and not based on any uniform principle. To take the case of some of the higher appointments by way of illustration, the maximum pay of two heads of departments is Rs. 850 each, but the minimum pay of one is Rs. 350 and that of the other is Rs. 550. Again, two other departmental heads get a maximum pay of Rs. 800 each, while their minima are Rs. 750 and 550 respectively. After giving the best consideration, I could, to the subject, I have not been able to see any kind of reason for these discrepent provisions, nor can I account for the differentiation made in the salaries of the heads of the major departments. Discrepancies and differentiations of this kind will be found also in the lower grades of the service. The necessity for the incremental scale of salaries in departments like that of Education, where the number of appointments is large and the chances of promotion, &c., great, and the wisdom of the time scale of increment in some of the cases in which it was recently sanctioned, are open to question, not to speak of the trouble and annoyance it gives to those who are responsible for the preparation of the budget.

In view of these circumstances, among others, it appears to me that the whole field of public expenditure

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deserves to be carefully investigated by a Committee of this House. The Committee may be instructed to overhaul the whole scheme of expenditure, in all its aspects, in consultation with the heads of the various departments, and submit a full and reasoned report suggesting such retrenchments as appear to them to be necessary and feasible. Alternatively, the work of investigation may be entrusted to the Finance Committee, which may be depended upon to do the work as efficiently as any other committee.

The levy of new taxes is, as I have pointed out before, the other means of providing the additional funds required for a progressive administration. It is, however always an unpopular and obnoxious measure, and should ordinarily be resorted to only when it is absolutely necessary. If it thus becomes necessary, as I am afraid, it will shortly be, the one that has the most justification for its levy is the income-tax. This tax will affect only a limited number of people, who can best afford to pay it and who have hitherto escaped the payment of direct tax in any form. The owner of a tiny strip of land has to pay to the Government an appreciable portion of his income from that strip, but the merchant, the manufacturer and the money-lender, who count their income by thousands, have to make no direct contribution to the public exchequer. The pattadar of ten cents of land in an obscure village, who lives on the wages of agricultural labour, the poorest paid of all labour, has now to pay to the Government more money than the merchant in Mattancherry who pays a rent of one to five thousand rupees a year for his warehouse. This is so obviously and grossly unfair to the large body of land-holders that I am almost tempted to recommend the immediate imposition of this tax on non-agricultural incomes, even if there is no absolute necessity for it at present. I would, however, wait till the Retrenchment Committee suggested by me makes its investigations and formulates its recommendations, as, otherwise, the inducement to effect retrenchment, never particularly strong in official minds, will soon reach the vanishing point.

There is, in the budget, a provision of 2·81 lakhs of rupees for Cochin's share of the expenditure for

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the improvement of the harbour in the coming year. Before saying another word on the subject, I must hasten to assure you that I am not going to tread on forbidden ground. I will not say a word about the necessity or otherwise for the improvement of the harbour, the feasibility of the scheme, the reasonableness of the estimated expenditure and so on. All that I want to do is to bring to the notice of the Government and this Council a general question of principle. I do not think it financially right, either in principle or in policy, to provide funds for reproductive works, requiring large outlays out of the current revenue. Such works are undertaken as much in the interests of posterity as our own, if not more, and it is, therefore, unfair and inequitable to place the whole burden of expenditure on our shoulders. Further, it is not possible to allot large sums for such works and, at the same time, to make adequate provision for the progressive needs of such nation-building purposes as Education, Sanitation, Medical relief, etc. The result of providing for the harbour works from the current revenues is that what should have been a surplus budget has been converted into a deficit one.

I would, therefore, strongly recommend the raising of loans to finance these works—a short time one, for the Vendurutti reclamation, as it can be repaid in a few years by the sale of the reclaimed lands, and one, of a longer term, for the harbour works. The financial position of Cochin is so strong and sound that there can be no difficulty in raising the loans on favourable terms, especially with such visible assets as a State Railway *in esse* and a splendid harbour *in posse*. If the return from the harbour is found insufficient, especially in the earlier years, to provide for the interest on the loan and the sinking fund, the deficiency, which is not likely to be considerable, must of course be paid out of the current revenues. No civilised Government in these days dreams of undertaking large reproductive works except with borrowed capital.

The budget has, to my surprise, taken no account of the finances of Cranganur. I do not know if the omission was due to oversight or a mistaken view of the position of Cranganur. I am inclined to suspect the latter reason from the way in which Cranganur is

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spoken of in the last two Administration Reports. There Cranganur is described as a "kind of Zemindari", which it decidedly is not. The position of Cranganur was differently understood and dealt with by administrators like Sir P. Rajagopalachari and Sir A. R. Banerji. As a matter of fact, Cranganur is a principality tributary to Cochin, which is autonomous in financial matters and is, in other respects, treated for administrative convenience as a part of Cochin. The laws enacted in Cochin come into force automatically in Cranganur, and these laws are, for the most part, administered by Cochin officers. Such legislative and administrative arrangements exist in respect of similar subordinate principalities in Hyderabad, Baroda, Kolhapur and other Native States, and also in respect of some minor States under the British Government. In regard to Cranganur, these arrangements were come to by mutual agreement in the time, and at the instance, of Colonel Munro. The Cochin Legislative Council Regulation is law in Cranganur as much as it is in Cochin, and under that law, Cranganur sends a representative to this Council. Such being the case, I fail to see any valid reason for excluding Cranganur affairs from the operations of this Council. Therefore, in justice to the people of Cranganur, who enjoy the same rights and privileges and shoulder the same burdens and responsibilities as the people of Cochin, it seems to me that the Cranganur finances should be dealt with in the general budget of Cochin in the same way as the narrative of Cranganur administration is dealt with in general Administration Report of Cochin.

Mr. M. KRISHNA MENON (*Vyttila*).

Sir,

This session of the Legislative Council marks an epoch in the history of the Cochin State, as this is the first occasion when the subjects of His Highness have been given a voice in the general administration of the State, and I am confident that the constitution will be worked in its true spirit, so long as our President, who is a son of the soil, remains at the helm.

With these preliminary remarks, I pass on to the budget. I am sorry, I cannot congratulate either the Government or the Finance Member for presenting a

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budget with a deficit of one lakh and thirty-eight thousand rupees. In the statement of the Finance Member, there is a clear warning that we are going to begin an era of deficits, unless new sources of revenue are tapped. If this is a warning for additional or new taxation, I enter my emphatic protest, now and here. Stamp value has been increased. Court Fees are increased. Registration fees, Anchal rates, and even School fees have been increased to such an amount as to cause a strike among the student population. So, it will be clearly seen that there is absolutely no room for further increase in any of these branches. Under the above circumstances, the duty of the Government is clear —I say economy—rigid economy— in expenditure. The causes that led to this enormous expenditure are organisation of new departments, reorganisation of existing ones and the creation of new appointments for the sake of individuals; and it has become a *mamool* with our Diwans to think that each, during his tenure of office, must do one or the other, and some of them were fortunate enough to go in for all the three. That this mania has not left our Darbar even now is clear from the lump provision of Rs. 2,000, made for revision of the Legislative Council establishment, organised only this year. I think, it is during the regime of Mr. Banerji that the Darbar began to send officers to England for training, and I know of some officers in the Medical Department who went of their own accord. When these gentlemen returned, new departments had to be organised, new appointments had to be created, also increased salaries had to be paid. Now, the Darbar has found, that, at least in the Medical Department, Swadeshi stuff is better than *Blathi Saman*. I wish to point out, in this connection, that all these reorganisations have not yet affected three sets of officers.

Of these, the first and foremost are the Village officers. They are considered as the untouchables and unapproachables of the Land Revenue administration. They must have, at least, primary education and survey training and must furnish security; yet their pay, at present, is below that of some of the peons in the other departments. I do not think, I can put it more forcibly than this, and I hope, the Darbar will redress their real grievances at an early date.

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The second set is the subordinate clerks in all the departments of the State. At present, their pay is not sufficient to meet the bare necessities of life.

These two sets form the working class in the administrative machinery, and, certainly, it is the duty of the Darbar to give them wages sufficient to live.

The third set is the Sub-Magistrates and the District Magistrate. They seem to have no god-father. When the pay of the Tahsildars and Munsiffs was increased, I am at a loss to know why the Darbar neglected this set of officers. The Sub-Magistrates are stationary and they cannot earn anything even from their T. A. The honour and liberty of the subjects of a Taluk is in the keeping of these officers and, as they are entrusted with judicial work also, they deserve to be placed at least on an equal footing with the Tahsildars. The system of promotion of these officers to other departments is, in my opinion, wrong.

With regard to one item of income under Education, I have to say a word. Rs. 49,600 is collected under the head of Primary Education from boys and girls. When compulsory Primary Education is introduced in British Cochin, two miles away from this hall, we shall not be justified in collecting the said amount.

Coming to the expenditure side of the budget, I find that the total amount budgetted for T. A. is one lakh and twenty-nine thousand and six hundred and sixty rupees. There is ample room for reduction in this amount. There is absolutely no justification in giving double first class and second class railway fares and there is no reason why officers should be given mileage where there is regular motor bus or boat service. If even one and a half is allowed, there is a clear saving of about Rs. 30,000.

D. P. W.—There is no justification to go in for original works with a deficit budget. The sum of Rs. 25,000 provided for electric lighting in Mattancherry also cannot be justified. This allotment is certainly the old proverb of *Puli Val.* Year after year, the Government will have to budget large amounts for the completion of the work and God alone knows what the result will be.

Forest Tramway—With regard to this department, I say it is better to abolish the whole

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